

**Montana Board of Oil and Gas Conservation
Environmental Assessment**

Operator: Highline Exploration, Inc.
Well Name/Number: Buzzetti-Corkins Trust. 54-15
Location: SE SW Section 15 T1S R32E
County: Big Horn, MT; Field (or Wildcat) Toluca

Air Quality

(possible concerns)

Long drilling time : No, 2 to 3 days drilling time.

Unusually deep drilling (high horsepower rig): No, single derrick drilling rig to drill to 815' TD.

Possible H2S gas production: None anticipated.

In/near Class I air quality area: No, Class I air quality area. Nearest Class I air quality area would be on the Crow Indian Reservation. Reservation boundary is about 4 miles to the south from this location.

Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211.

Mitigation:

- ☒ Air quality permit (AQB review)
- ☐ Gas plants/pipelines available for sour gas
- ☐ Special equipment/procedures requirements
- ☐ Other: _____

Comments: No special concerns – using single rig to drill to 815' TD.

Water Quality

(possible concerns)

Salt/oil based mud: Surface hole will be drilled with freshwater. Air will be used out from under surface casing to total depth.

High water table: No high water table anticipated.

Surface drainage leads to live water: No, closest drainage is Peritsa Creek, about 1/8 of a mile east from this location.

Water well contamination: No, water wells within 1 mile of this location. Surface casing will be set at 150'. Drilled with freshwater. Surface casing will be run and cemented to surface from 150'.

Porous/permeable soils: No, sandy bentonitic soils.

Class I stream drainage: No Class I stream drainages in the area of review.

Mitigation:

- ☐ Lined reserve pit
- ☒ Adequate surface casing
- ☐ Berms/dykes, re-routed drainage
- ☐ Closed mud system
- ☐ Off-site disposal of solids/liquids (in approved facility)
- ☐ Other: _____

Comments: 150' of surface casing cemented to surface adequate to protect freshwater zones.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings: No, stream crossings anticipated.

High erosion potential: No, cut or fill need. Small single derrick self leveling rig will be used.

Loss of soil productivity: No, location will be restored after drilling, if nonproductive. If productive unused portion of drillsite will be reclaimed.

Unusually large wellsite: No, 100'X100' location size required. Will be using a self leveling rig, so very little dirt work is required.

Damage to improvements: None

Conflict with existing land use/values: Slight

Mitigation

☐ Avoid improvements (topographic tolerance)

☐ Exception location requested

☒ Stockpile topsoil

☐ Stream Crossing Permit (other agency review)

☒ Reclaim unused part of wellsite if productive

☐ Special construction methods to enhance reclamation

☐ Other _____

Comments: Will use existing county frontage road and two track trails.. A short access road will be built from the two track trail into this location. Cutting will be buried in the earthen pits. Pits will be backfilled when dry. No special concern.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest buildings are about ½ of a mile to the east and the town of Hardin is about 6 miles to the east southeast from this location.

Possibility of H2S: None anticipated.

Size of rig/length of drilling time: Single drilling rig 2 to 3 days drilling time.

Mitigation:

☐ Proper BOP equipment

☐ Topographic sound barriers

☐ H2S contingency and/or evacuation plan

☐ Special equipment/procedures requirements

☒ Other: Will use a diverter and knife valve instead of a BOP. Due to the low pressure gas zone anticipated.

Comments: Adequate surface casing and diverter should prevent any problems. No concerns.

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified): None identified.

Proximity to recreation sites: No identified.

Creation of new access to wildlife habitat: No

Conflict with game range/refuge management: No

Threatened or endangered Species: Threatened or endangered species is the Black-footed Ferret. Candidate species are the Greater Sage Grouse and the Sprague's Pipit. NH Tracker website lists four (4) species of concern. They are as follows, Black-tailed Prairie Dog, Greater Sage Grouse, Western Hog-nosed Snake and the Milksnake.

Mitigation:

☐ Avoidance (topographic tolerance/exception)

☐ Other agency review (DFWP, federal agencies, DSL)

☐ Screening/fencing of pits, drillsite

___ Other: _____

Comments: Private surface lands. There maybe species of concern that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. The Board of Oil & Gas has no jurisdiction over private surface lands.

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites: None identified

Mitigation

___ avoidance (topographic tolerance, location exception)

___ other agency review (SHPO, DSL, federal agencies)

___ Other: _____

Comments: On private surface lands. There maybe possible historical/cultural/paleontological sites that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to his desires to preserve these sites or not, if they are found during construction of the wellsite. The Board of Oil & Gas has no jurisdiction over private surface lands.

Social/Economic

(possible concerns)

___ Substantial effect on tax base

___ Create demand for new governmental services

___ Population increase or relocation

Comments: Development well within an established gas field, Toluca Gas Field.
No concerns

Remarks or Special Concerns for this site

Well is a 815' Belle Fourche Formation gas development well, within the Toluca Gas Field.

Summary: Evaluation of Impacts and Cumulative effects

No long term impact expected, some short term impacts will occur.

I conclude that the approval of the subject Notice of Intent to Drill (does/**does not**) constitute a major action of state government significantly affecting the quality of the human environment, and (does/**does not**) require the preparation of an environmental impact statement.

Prepared by (BOGC): /s/Steven Sasaki

(title:) Chief Field Inspector

Date: September 2, 2011

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website

(Name and Agency)

Big Horn County water wells

(subject discussed)

September 2, 2011

(date)

US Fish and Wildlife, Region 6 website

(Name and Agency)

ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES

MONTANA COUNTIES, Big Horn County

(subject discussed)

September 2, 2011

(date)

Montana Natural Heritage Program Website (FWP)

(Name and Agency)

Heritage State Rank= S1, S2, S3, T1S R32E

(subject discussed)

September 2, 2011

(date)

If location was inspected before permit approval:

Inspection date: _____

Inspector: _____

Others present during inspection: _____